

File

ROSMAC RESOURCES LTD. (N.P.L.)





DIRECTORS & OFFICERS

JOHN S. GODFREY
President and Director
DURWARD J. BROWN
Director
CARL R. JONSSON
Secretary and Director

HEAD OFFICE

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REGISTERED & RECORDS OFFICE

1710-1177 West Hastings Street
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AUDITORS

DYKE & HOWARD
Chartered Accountants
1525 West 7th Avenue
Vancouver, B.C.
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REGISTRAR & TRANSFER AGENT

GUARDIAN ESTATES & AGENCIES LTD.
404-470 Granville Street
Vancouver, B.C.
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SOLICITORS

TUPPER, JONSSON, SHROFF & ZINK
1710 Board of Trade Tower
1177 West Hastings Street
Vancouver, B.C.
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BANK

BANK OF MONTREAL
595 Burrard Street
Vancouver, B.C.
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SHARES LISTED

VANCOUVER STOCK EXCHANGE
TICKER SYMBOL R.C.M.
536 Howe Street
Vancouver, B.C.
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CAPITALIZATION

Authorized 5,000,000 shares, no par value. Issued at
December 31, 1979 — 1,719,419 shares.

THE COMPANY

Rosmac is a Canadian company, incorporated in the Province of British Columbia, whose business is primarily the acquisition, exploration and development of petroleum and mining properties.

PRESIDENT'S REPORT TO THE SHAREHOLDERS



ROSMAC
RESOURCES LTD.

In early 1979, Rosmac received new management, which has resulted in corporate reorganization and evaluation. Emphasis was placed upon involvement in oil and gas. Before then, its activities had been restricted to mining exploration, however, the rapidly changing world energy situation provided an opportunity for Rosmac to become involved in petroleum exploration and production.

Rosmac's initial acquisition was an 8% working interest in 1440 acres of oil and gas leases located in Turin, Alberta. To date two wells have been drilled on the leases, both of which are successful oil wells, providing a basic cash flow for the company. Rosmac's second acquisition was a 50% interest in 40,467 contiguous acres of oil and gas leases in Cherry County, Nebraska, U.S.A. Blaine Binnie Engineering (1976) Ltd. of Calgary, and Robert W. Bhaha of Denver have recommended drilling of this acreage which is expected to commence prior to the end of April 1980.

As a result of a September underwriting which provided Rosmac with \$606,800.00, it has placed the company in a very sound financial position to expand its efforts further in the petroleum industry. As of March 17th 1980, 107,000 Warrants were exercised by shareholders, providing an additional \$182,970.00 to the treasury of the company.

The Board of Directors of Rosmac Resources Ltd. has resolved to create a tax shelter drilling Fund. Rosmac expects to contract with a few privately negotiated participants to have them provide, initially, a minimum of \$1,000,000.00 to be expended on Canadian exploration and development work, in 1980, which will qualify for writeoffs under the applicable Canadian income tax laws. Rosmac will agree to participate to the extent of 10%, with its own funds, in all projects undertaken on behalf of the drilling Fund. For organizing and operating the Fund, Rosmac will receive a further 10% carried interest in all projects. Rosmac has also entered into negotiations with Professional Economic Consultants Ltd., a private financial consulting firm, based in Toronto and Ottawa, to obtain financial consulting services including assistance in the creation of the proposed drilling Fund.

Rosmac intends to concentrate its efforts, with its own funds, primarily in the United States. At present, the company is in the process of negotiating additional prospects in Wyoming, Indiana and Texas. It is hoped that management can make appropriate announcements regarding these projects by the date of the annual meeting.

Rosmac's progress in 1979 has attracted considerable shareholder support. Management appreciates this support and is working hard to improve and enlarge the company's assets. With success, the company will grow and its shareholders will prosper accordingly.

The Annual General Meeting of the company will be held at 10.00 a.m. on Wednesday, April 30, 1980 in the Holiday Inn — City Centre, 1133 West Hastings Street, Vancouver, British Columbia.

Submitted on behalf of the Board

John S. Godfrey
President

March 19, 1980.



LOCATION

1. Turin, Alberta
2. Cherry County, Nebraska

LOCATION — PROSPECTS UNDER NEGOTIATION

3. Wyoming
4. Pennsylvania
5. Indiana



To the Shareholders of Rosmac Resources Ltd. (N.P.L.)

We have examined the balance sheet of Rosmac Resources Ltd. (N.P.L.) as at September 30, 1979 and the statements of deferred exploration, development and administrative expenses and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at September 30, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
January 22, 1980

Chartered Accountants

Balance Sheet

September 30, 1979



**ROSMAC
RESOURCES LTD.**

ASSETS	1979	1978
Current Assets:		
Accounts receivable — (Note 4(a))	\$ 606,800.00	\$ —
Deferred Exploration, Development and Administrative Expenses — Statement #2	26,983.92	747,601.98
Investments in Property — (Note 2)	115,581.70	4,575.25
Incorporation Expense	1,890.25	1,890.25
	<u>\$ 751,255.87</u>	<u>\$754,067.48</u>
 LIABILITIES	 1979	 1978
Current Liabilities:		
Bank overdraft	\$ 25,245.33	\$ 495.19
Demand loan	10,000.00	5,000.00
Accounts payable	6,919.46	22,990.38
	<u>\$ 42,164.79</u>	<u>\$ 28,485.57</u>
Due to Shareholders	<u>38,224.49</u>	<u>14,397.52</u>
	<u>\$ 80,389.28</u>	<u>\$ 42,883.09</u>
 SHAREHOLDERS' EQUITY		
Share Capital — (Note 4)	<u>\$1,637,210.03</u>	<u>\$952,410.03</u>
Deficit:		
Balance, beginning of the year	\$ 241,225.64	\$241,225.64
Add: Deferred expenditures written-off (Note 3)	—	—
— Statement #2	725,117.80	—
	<u>\$ 966,343.44</u>	<u>\$241,225.64</u>
	<u>\$ 670,866.59</u>	<u>\$711,184.39</u>
	<u>\$ 751,255.87</u>	<u>\$754,067.48</u>

Approved on behalf of the Board

Director

Director

This is the balance sheet referred to in our report dated January 22, 1980.

Statement of Deferred Exploration, Development and Administrative Expenses

Year Ended September 30, 1979



**ROSMAC
RESOURCES LTD.**

	September 30, 1978	Expenditures (Recovery)	To Deficit (Note 3)	September 30, 1979
Development and exploration expenses:				
Exploration	\$ 19,126.24	\$ —	\$ 19,126.24	\$ —
Surveying	5,247.72	—	5,247.72	—
Line cutting	1,262.27	—	1,262.27	—
Diamond drilling	79,108.21	—	79,108.21	—
Wages and employee benefits	12,328.46	—	12,328.46	—
Equipment	24,876.79	(1,700.00)	23,176.79	—
Assaying	1,972.93	—	1,972.93	—
Easement right	1,000.00	—	1,000.00	—
Office and sundry	20,097.83	—	20,097.83	—
Mine buildings	6,253.12	—	6,253.12	—
Tunnelling	435,910.03	—	435,910.03	—
	<u>\$607,183.60</u>	<u>\$ (1,700.00)</u>	<u>\$605,483.60</u>	<u>\$ —</u>
General — Property examination	\$ 5,908.32	\$ 1,348.01	\$ 5,908.32	\$ 1,348.01
Administrative expenses:				
Accounting and audit	\$ 6,624.15	\$ 1,287.27	\$ 6,624.15	\$ 1,287.27
Legal	32,156.25	16,214.66	32,156.25	16,214.66
Printing	7,056.48	612.89	7,056.48	612.89
Travel	11,052.96	—	11,052.96	—
Office and sundry	53,150.48	5,521.09	53,150.48	5,521.09
Listing fees	8,947.00	2,000.00	8,947.00	2,000.00
Deferred costs	11,892.90	—	11,892.90	—
Management fees	5,500.00	—	5,500.00	—
	<u>\$136,380.22</u>	<u>\$25,635.91</u>	<u>\$136,380.22</u>	<u>\$25,635.91</u>
Total expenditures	<u>\$749,472.14</u>	<u>\$25,283.92</u>	<u>\$747,772.14</u>	<u>\$26,983.92</u>
Deduct:				
Interest and other income	\$ 1,870.16	\$ —	\$ 1,870.16	\$ —
Accounts payable forgiven	—	12,859.43	12,859.43	—
Gain on sale of land	—	7,924.75	7,924.75	—
	<u>\$ 1,870.16</u>	<u>\$20,784.18</u>	<u>\$ 22,654.34</u>	<u>\$ —</u>
Totals — to Statement #1	<u>\$747,601.98</u>	<u>\$ 4,499.74</u>	<u>\$725,117.80</u>	<u>\$26,983.92</u>

Statement of Changes in Financial Position

Year Ended September 30, 1979



**ROSMAC
RESOURCES LTD.**

	September 30, 1979	September 30, 1978
Funds were provided from:		
Issue of common shares for cash	\$ 669,800.00	\$ —
Advances from shareholders	23,826.97	2,199.33
Accounts payable forgiven	12,859.43	—
Proceeds on sale of land	12,500.00	—
	<u>\$ 718,986.40</u>	<u>\$2,199.33</u>
Transactions not effecting working capital —		
Issue of shares for property	15,000.00	—
Deferred expenditures written off to deficit	725,117.80	—
	<u>\$1,459,104.20</u>	<u>\$2,199.33</u>
 Decrease in working capital for the year	 <u>—</u>	 <u>4,979.75</u>
	<u><u>\$1,459,104.20</u></u>	<u><u>\$7,179.08</u></u>
 Funds were used for:		
Purchase of properties	\$ 100,581.70	\$ —
Deferred expenditures incurred	25,283.92	7,179.08
	<u>\$ 125,865.62</u>	<u>\$7,179.08</u>
Transactions not affecting working capital —		
Purchase of property by issuing shares	15,000.00	—
Deferred expenditures written off to deficit	725,117.80	—
	<u>\$ 865,983.42</u>	<u>\$7,179.08</u>
 Increase in working capital for the year	 <u>593,120.78</u>	 <u>—</u>
	<u><u>\$1,459,104.20</u></u>	<u><u>\$7,170.08</u></u>

Notes to the Financial Statements

September 30, 1979



**ROSMAC
RESOURCES LTD.**

1. The 1978 figures have been reclassified where applicable to conform with the presentation used in the current year.

2. Investments in property —

- a) The investments in property are recorded at cost and are comprised of:

	1979	1978
Caribe Seibens Turin Property (Note 2(b))	\$ 56,289.00	\$ —
Cherry County Property (Note 2(c))	59,292.70	—
Rossland claim (Note 3)	—	4,575.25
	<u>\$115,581.70</u>	<u>\$4,575.25</u>

- b) The company has purchased an undivided 8% working and participating interest in the Caribe Seibens Turin property in Alberta (1,440 acres). The purchase price is a \$20,000.00, payable on demand after one year from the date of the agreement, and b) 250,000 treasury shares. As at September 30, 1979 the company had issued 150,000 shares at a deemed consideration of \$.10 per share.
- c) The company has purchased an undivided 50% interest in two oil and gas leases covering a total of approximately 40,467 contiguous acres located in Cherry County, Nebraska for \$59,292.70.

3. Deferred expenditures —

During the year the company sold its interest in the Rossland claims. As a result, the deferred expenditures relating to these claims have been written off directly to deficit.

4. Share Capital —

Authorized — 5,000,000 shares without par value

Issued —	# of shares	\$
Balance, September 30, 1978	809,419	\$ 952,410.03
Add:		
Issued during the year		
— for cash	760,000	\$ 669,800.00
— for Turin property	150,000	15,000.00
	<u>910,000</u>	<u>\$ 684,800.00</u>

Balance, September 30, 1979	<u>1,719,419</u>	<u>\$1,637,210.03</u>
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- a) Pursuant to an Underwriting Agreement dated August 10, 1979, the company issued 400,000 shares for a total consideration of \$606,800.00. Attached to each share issued is one Series A warrant entitling the holder to purchase one share at \$1.71 per share up to March 17, 1980. In addition, the company issued 200,000 Series B warrants to the Agents of the Underwriting Agreement as consideration for the guaranteed placement of the 400,000 shares. The Series B warrants have the same terms as the Series A warrants except that they are non-transferable.
- b) The company is required to issue a further 100,000 treasury shares for the purchase of the Turin property. (see Note 2(b))
- c) By an agreement dated May 22, 1979 the company granted to its directors options to purchase shares of its Capital stock, exercisable at a price of \$.70 per share on or before May 22, 1980. The total of the shares that may be purchased under the options is 50,000 shares.

